

EXHIBIT 34

1
2 IN THE UNITED STATES DISTRICT COURT
3 FOR THE DISTRICT OF PUERTO RICO
4 Case No. 17-BK-3283-LTS

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4 In re:
5 THE FINANCIAL OVERSIGHT AND MANAGEMENT
6 BOARD FOR PUERTO RICO,

as representative of

7 THE COMMONWEALTH OF PUERTO RICO, et al.,

8 Debtors.

9 -----x

Case No. 17-BK-4780-LTS

10 -----x

In re:

11 THE FINANCIAL OVERSIGHT AND MANAGEMENT
12 BOARD FOR PUERTO RICO,
13 as representative of
14 THE PUERTO RICO ELECTRIC POWER AUTHORITY,
15 Debtor.

-----x

16 May 11, 2023

9:35 a.m.

17
18 VIDEOTAPED DEPOSITION of OJAS SHAH,
19 held at the offices of Kramer Levin
20 Naftalis & Frankel LLP, located at 1177
21 Avenue of the Americas, New York, New York
22 10036, before Anthony Giarro, a Registered
23 Professional Reporter, a Certified Realtime
24 Reporter and a Notary Public of the State
25 of New York.

1 OJAS SHAH

2 under the fiscal plan, it's more of a
3 gradual increase over time. So when
4 you're out 20 years, that distance will
5 shrink.

6 Q It might be helpful to look
7 at Exhibit 66 which is easier to read.
8 The next model of the revenues worksheet
9 is elasticity assumptions.

10 Generally speaking, this is
11 applying the elasticity estimates we
12 discussed earlier to the increased rates
13 in the decision variable module; correct?

14 A That's right.

15 Q And, again, these elasticity
16 assumptions assume that the entire
17 increased rate is a change to the
18 volumetric rate; correct?

19 A That's my understanding,
20 yes.

21 Q If you look toward the very
22 bottom of Exhibit 66, which, again, is
23 the shortened version of the revenues
24 worksheet, there's a line. It reads
25 "catchall elasticity of demand."

1 OJAS SHAH

2 A It's in a simplified line
3 item structure.

4 Q At the very -- toward the
5 bottom of that section of the worksheet,
6 there's a line for additional
7 engineering: O&M, 10 percent of FF
8 projects cost share. You see that?

9 A Yes.

10 Q What does that refer to?

11 A That is the 10 percent cost
12 share federal funds that we were talking
13 about earlier.

14 Q And this comes from another
15 team at McKinsey; is that right?

16 A Well, it's from our PREPA
17 team that was led by Aaron Bielenberg.
18 But that supports a lot of our work on
19 PREPA, including fiscal plan.

20 Q And that here is treated as
21 a deduction in the budget prior to
22 getting to the surplus?

23 MS. WEISGERBER: Objection
24 to form.

25 A It streams as an incremental

1 OJAS SHAH

2 expense, correct.

3 Q Better way to put it. Thank
4 you.

5 And below that, there's
6 another line for additional O&M
7 requirements and in parentheses, "grid
8 reliability." You see that?

9 A Yes.

10 Q What does that refer to?

11 A What we talked about
12 earlier. There were two pieces of costs
13 that weren't in the 2022 fiscal plan.
14 One was this cost share component which
15 is something that PREPA's going to pay in
16 the near term over the first I think
17 approximately ten years.

18 The second is based on work
19 that the team did, looking at costs to
20 support long-term reliability of power
21 systems and an assessment of whether
22 there was sufficient cost in the PREPA
23 fiscal plan to support PREPA for the
24 long-term. And based on that analysis, a
25 perspective that there needed to be

1 OJAS SHAH

2 additional costs that impacts -- I think
3 it's probably -- it's about ten years out
4 or so that that kicks in.

5 Q 2034, it looks like?

6 A Yeah.

7 Q And is that treated as an
8 incremental expense as well?

9 A That is.

10 Q Then below that, there's a
11 section titled "To be Reclassified
12 Budget."

13 What does that demonstrate?

14 A As we layer in the
15 assumptions that we talked about in the
16 memo for changes to existing PREPA costs.
17 So this will reflect the change in the
18 bad debt assumption. And it probably
19 will also layer in the LUMA termination
20 fees and things of that sort that we
21 described in the memo in terms of changes
22 that result from the dismissal of the
23 Title III and the other assumptions that
24 we outline in the memo.

25 Q In that section of the

1 OJAS SHAH

2 just looking at something. So I agree it
3 should be applied to the operating
4 expense budget under that scenario in
5 that year. I'd have to look at the math.

6 Q And by under that scenario,
7 you mean under the to be scenario?

8 A Under the -- well, under the
9 scenario for Option 3. So, yes, yeah.

10 Q A few lines down from that,
11 there's a row for pensions schedule. You
12 see that?

13 A Yes.

14 Q And do you know -- I will
15 represent to you that the source for
16 those values is a separate worksheet in
17 the model, titled "Pensions."

18 Fair enough?

19 A Yes, it is.

20 Q I will also represent to you
21 that that worksheet says --
22 reads, "Source FOMB financial advisor."

23 Fair enough?

24 A Yes.

25 Q My question is just, what

1 OJAS SHAH

2 FOMB advisor provided the data used in
3 the pension schedule line?

4 A That analysis came from EY.

5 Q And was it independently
6 verified by McKinsey?

7 A No.

8 Q Does McKinsey have an
9 independent position as to the accuracy
10 of those numbers?

11 A Of those numbers, no.

12 Q The section toward the
13 bottom of the cash flow worksheet is
14 labeled 6 FLL and other claims part of
15 the current expense definition. And then
16 in parentheses "at effective date."

17 You see that?

18 A Yes.

19 Q And just to confirm, your
20 understanding of which claims do and do
21 not count as part of the current expense
22 definition came from counsel?

23 A That's correct.

24 Q And so this cash flow
25 analysis that follows is based entirely